



**GSIS Memorandum Circular No. 006 Series of 2019**

**TO :** HEADS OF CONSTITUTIONAL BODIES; BUREAUS AND AGENCIES OF THE NATIONAL GOVERNMENT; LOCAL GOVERNMENT UNITS; GOVERNMENT OWNED OR CONTROLLED CORP.; STATE UNIVERSITIES AND COLLEGES; AND ALL OTHERS CONCERNED

**SUBJECT :** GSIS PROGRAM FOR RESTRUCTURING AND REPAYMENT OF DEBTS (GSIS-PRRD)

Pursuant to Board Resolution No. 140 dated 09 October 2018 approving Policy and Procedural Guidelines No. 333-18 on the GSIS Program for Restructuring and Repayment of Debts (GSIS-PRRD) dated November 21, 2018, the GSIS approved the one-time condonation program for all inactive GSIS members with outstanding loan obligations in the GSIS, except Pension Loan, Pension Emergency Loan, Pensioner Restructuring Loan or Choice of Loan Amortization Schedule for Pensioners and Housing Loan.

A. The terms and condition of the GSIS-PRRD are provided below:

**1. Condonation of Penalties/Surcharges**

Under this program, all unpaid penalties/surcharges that have accrued on the outstanding balances of the eligible loan accounts shall be condoned.

**2. Settlement of Account**

The outstanding obligation, net of condoned penalties/surcharges, may be settled by the borrower in full (100%) or in part, with a minimum partial payment of ten percent (10%). The remaining balance shall be restructured subject to the terms and conditions of the condonation program.

**3. Computation of Outstanding Balance under the Condonation Program**

The amount of outstanding balance under the condonation program shall be computed as follows:

**Full Payment Option:**

<b>Account</b>	<b>Amount</b>
Outstanding Obligation as of Date of Availment	XXX,XXX.XX
<b>Less:</b> Unpaid Accrued Penalties* after Date of Separation up to Date of Availment	XX,XXX.XX
<b>Remaining OBAL after Condonation</b>	<b>XX,XXX.XX</b>

*\* Penalties equivalent to 18% p.a.c.m. imposed on the outstanding obligation that has been declared due and demandable. The outstanding obligation is the sum of the unpaid principal, accrued interests and penalties/surcharges and redemption insurance premiums that are already due and outstanding.*

**Restructuring Option:**

<b>Account</b>	<b>Amount</b>
Outstanding Obligation as of Date of Availment	XXX,XXX.XX
<b>Less:</b> Unpaid Accrued Penalties* after Date of Separation up to Date of Availment	XX,XXX.XX
<b>Remaining OBAL after Condonation</b>	XX,XXX.XX
<b>Add:</b> Advance Redemption Insurance (RI) Premium	XXX.XX
<b>Remaining OBAL due for Settlement</b>	XX,XXX.XX
<b>Less:</b> Partial Payment and Advance RI	XX,XXX.XX
<b>Remaining OBAL for Restructuring</b>	XX,XXX.XX

\* Penalties equivalent to 18% p.a.c.m. imposed on the outstanding obligation that has been declared due and demandable. The outstanding obligation is the sum of the unpaid principal, accrued interests and penalties/surcharges and redemption insurance premiums that are already due and outstanding.

**4. Interest Rate**

The remaining OBAL for restructuring shall be subject to an interest rate of 10% per annum compounded annually.

**5. Term of Payment**

The restructured obligation shall be payable over a maximum period of three (3) years.

For old-age pensioners already qualified for pension, the remaining OBAL after condonation shall no longer be restructured and shall be deducted from the monthly pension until fully paid, in accordance with the policies on pension administration.

**6. Regular Monthly Payment (RMP)**

The RMP shall be computed as follows:

$$RMP = \frac{AmountBorrowed}{AnnuityFactor} + Monthly\ RI\ Premium$$

where the annuity factor is:

$$Annuity\ Factor = \frac{1}{r} - \frac{1}{r(1+r)^n}$$

where  $r = (1+10\%)^{(1/12)} - 1$  and  
 $n =$  number of paying periods in months

**Table of Annuity Factors**

<b>Loan Term</b>	<b>Annuity Factor</b>
1 year to pay	11.40
2 years to pay	21.76
3 years to pay	31.19



## 7. Loan Redemption Insurance

A loan redemption insurance (LRI) cover shall be attached to the restructured loan, computed based on the Monthly RI Rate provided below and the outstanding balance to be amortized.

Loan Term	Monthly RI Rate (per P1,000 of Loan Amount)
1 year to pay	2.52
2 years to pay	2.68
3 years to pay	2.84

- a. The premium for LRI shall form part of the computed monthly amortization of the restructured loan.
- b. To ensure that the member is covered with LRI from the date of loan restructuring, an advance LRI premium equivalent to one (1) month shall be collected together with the partial payment.
- c. In case of death of the borrower within the payment period, the theoretical balance of the restructured loan shall be covered by the LRI provided the loan is not in default.

## 8. Due Date of the Monthly Amortization of the Restructured Amount

The first due date (FDD) of the restructured loan shall be on the month following the granting of the restructured loan, and every end of the month thereafter until the loan is fully paid. For example, a restructured loan granted on October 9, 2018 shall have an FDD of November 30, 2018.

## 9. Grace Period in the Payment of Amortization

There shall be a 10-calendar day grace period from the date when the repayment falls due. No penalty or surcharge will be imposed on repayment made during this period.

To illustrate, repayment due on November 30, 2018 shall have a grace period up to December 10, 2018. Payment made after December 10, 2018 shall incur penalty.

## 10. Payment Mechanism

The following mode of payment shall be available for the RMP, at the option of the borrower:

- a. Over The Counter / Direct Payment (DP) in Cash, and/or
- b. Payment to be shifted to old-pension deduction, in case of a retiree who will receive his/her pension after the guaranteed period under RA 8291, or at the age of 60 under RA 8291 or PD 1146, in accordance with existing policies on pension administration; or

- c. Deduction from survivorship pension, in case the outstanding obligation will be settled by the legal spouse receiving survivorship pension from the GSIS.

For full or partial payment (minimum of 10% as provided in Section A.2) of the outstanding obligation, the acceptable mode of payment shall be Cash or Manager's Check.

#### 11. Penalty for Arrearages

An account is considered in arrears if:

- a. There is payment for monthly installment but such payment is delayed;
- b. The actual amount paid for the month is less than the amount due for the same month; or
- c. There is no payment made for the month.

It shall incur a penalty at the rate of 1% per month, compounded monthly, until the arrears are paid. A fraction of a month is considered one (1) month.

#### 12. Application of Payments

- a. Every payment shall be initially applied to the amount due, following this order of priority:
  - 1) RI premium
  - 2) Penalty, if any
  - 3) Interest
  - 4) Principal
- b. If in arrears, the "move-up" policy shall be adopted wherein the payments are first applied to the earliest unpaid month until the month's full amount due has been fully paid.

#### 13. Default

A restructured loan account is considered in default when the total unpaid obligation is equivalent to more than six (6) monthly amortizations.

In the event of default, the outstanding balance of the restructured loan becomes due and demandable without need of demand or further notice.

In case of failure to pay the outstanding balance declared in default, the outstanding balance shall be charged with an interest equivalent to 12% per annum compounded monthly (p.a.c.m.) and a penalty of 6% p.a.c.m., from the date of default until the date of full payment.

Any payment received after a loan has been declared in default shall be applied in the order of priority below:

- a. RI premiums due for a maximum of six (6) months from the time the account was declared in arrears
- b. Penalty
- c. Interest
- d. Principal

In case no other future benefit is accruing on the part of the borrower, the account shall be referred to the Legal Services Group (LSG) for appropriate legal action.

If the borrower is entitled to future benefit from GSIS (e.g., separation benefit at age 60), the benefit shall first be applied as payment to the outstanding balance of the defaulted loan, and the remaining balance shall be subject of collection case.

#### 14. Pre-Termination

The restructured loan may be pre-terminated by paying the outstanding balance before the end of the loan term. No fees shall be charged to the borrower in case of pre-termination.

#### 15. Refund of Overpayment after End of Loan Term

At the end of the loan term, any overpayment shall be treated in accordance with the policies on the refund of loan overpayments.

#### 16. No Renewal

The GSIS-PRRD is a one-time offer of the GSIS and is not renewable.

B. The following requirements shall be submitted to GSIS before an application for GSIS-PRRD is accepted:

1. Application Form (available at <http://www.gsis.gov.ph>), duly accomplished and signed by the borrower; and
2. GSIS eCard or valid passport or any two (2) of the following acceptable government-issued IDs or documents with date of birth and signature:
  - a. Employee ID / Office ID
  - b. Driver's License \*
  - c. Professional Regulation Commission (PRC) ID \*
  - d. Senior Citizens ID
  - e. SSS ID
  - f. COMELEC/ Voters ID/ COMELEC Registration Form
  - g. NBI Clearance \*
  - h. Integrated Bar of the Philippines (IBP) ID
  - i. Firearms License \*
  - j. AFPSLAI ID \*
  - k. PVAO ID
  - l. AFP Beneficiary ID
  - m. BIR (TIN)
  - n. Pag-ibig ID
  - o. Persons With Disability (PWD) ID
  - p. Solo Parent ID
  - q. Pantawid Pamilya Pilipino Program (4Ps) ID \*
  - r. Barangay ID \*
  - s. Philippine Postal ID \*
  - t. Phil-health ID

\* within its validity period

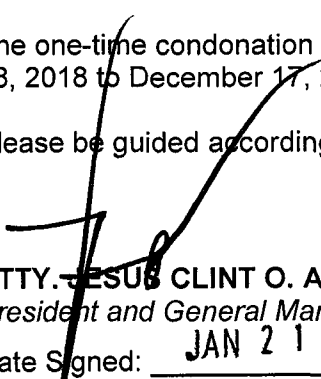


3. For legal heirs of deceased borrower

- a. Valid Special Power of Attorney from co-heirs authorizing the applicant-heir to file application for restructuring/condonation under this program;
- b. PSA or LCR-issued death certificate of the borrower, or Death Certificate authenticated by the Philippine Consular Office, if died abroad;
- c. PSA or LCR-issued marriage contract of the borrower;
- d. Two (2) government-issued identification cards (IDs) of all heir(s).
- e. Additional Requirements for Indigenous People (IP):
  - 1) Certificate of Death attested by the National Commission on Indigenous People (NCIP), in the absence of a PSA or LCR-issued death certificate of an IP member;
  - 2) Certification of Marriage of the IP attested by the NCIP, in the absence of a PSA or LCR-issued marriage contract of an IP member;
  - 3) For heirs, Certification of Birth attested by the NCIP, in the absence of a PSA or LCR-issued birth certificate
- f. Additional Requirements for Muslims:
  - 1) Certificate of Death of the Muslim attested by the *Imam*, in the absence of a PSA or LCR-issued death certificate of a Muslim;
  - 2) Certification of Marriage of the Muslim certified by the Sharia Circuit Clerk of Court, in the absence of a PSA or LCR-issued marriage contract of a Muslim;
  - 3) For heirs, PSA or LCR-issued birth certificate

The one-time condonation program shall run for a period of one (1) year from December 18, 2018 to December 17, 2019.

Please be guided accordingly.

  
ATTY. ~~JESUS~~ CLINT O. ARANAS  
*President and General Manager*

Date Signed: JAN 21 2019  
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